

Vitamins, nutritional aids, and food supplements qualify for the low 1% tax rate. 86 Ill. Adm. Code 130.310(a) and (c)(1). (This is a GIL.)

February 22, 2001

Dear Xxxxx:

This letter is in response to your letter dated December 21, 2000. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See, 2 Ill. Adm. Code 1200.120 subsections (b) and (c), which can be found at <http://www.revenue.state.il.us/legalinformation/regs/part1200>.

In your letter, you have stated and made inquiry as follows:

We are writing to request a determination on the applicability of the sales/use tax of your state to a product sold by our company. COMPANY is a network marketing company which sells nutritional, personal care and other consumer products. The products are distributed through independent contractors (Team Members) who recruit other Team Members into their downline. COMPANY collects and remits sales/use tax on behalf of it's Team Members pursuant to our agreement with your state.

We request a ruling on the sales tax treatment on the following products:

- PRODUCT1
- PRODUCT2

The ingredient lists for these products are attached for your reference.

We would greatly appreciate it if you would identify the basis in statute, regulation or ruling for your determination. Please send your response to the following address:

...

Thank you for your prompt consideration of this matter. If you have any questions please do not hesitate to contact us.

With respect to the products PRODUCT1 and PRODUCT2, 86 Ill. Adm. Code 130.310(c)(1) provides: "a medicine or drug is any pill, powder, potion, salve, or other preparation intended by the manufacturer for human use and which purports on the label to have medicinal qualities." Items meeting these criteria are taxed at the low 1% rate. Similarly, food for human consumption, which is to be consumed off the premises where it is sold, qualifies for the low 1% rate. Food is deemed to be

any solid, liquid, powder or item intended by the seller primarily for human internal consumption, whether simple, compound or mixed, including foods such as condiments, spices, seasonings, vitamins, bottled water and ice. See, 86 Ill. Adm. Code 130.310(b)(1). Generally, vitamins and nutritional supplements are deemed to be one of the above and consequently the low 1% tax rate applies.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b).

Very truly yours,

Shane McCreery

By:
Jerilynn T. Gorden
Senior Counsel – Sales and Excise Taxes

SM:JTG:msk
Enc.